

Snap | 14 November 2022

## Eurozone industry experienced dead cat bounce in third quarter

The third quarter saw remarkably strong production as easing supply problems helped production growth. Don't expect this to continue much from here on as new orders, production expectations and increasing inventories point to weakening production ahead



A factory in the Netherlands

Industrial production increased by 0.9% in September and that resulted in a total quarterly increase of 0.5% for 3Q. This was a surprise that added to the positive GDP figure for the quarter. It is most likely caused by fading supply side problems which industry has battled since mid-2020. This is helping backlogs of work to be dealt with, which is boosting production, despite survey data having disappointed consistently over recent months.

In September, production categories were a mixed bag, so there was no broad-based improvement in production. Capital goods and non-durable consumer goods production saw strong growth – just like last month – while intermediate, durable consumer goods, and energy production all declined. Germany was the only large country that recorded growth, while France, Spain and Italy all saw production contract.

While August and September both saw surprisingly strong production, there is little hope for this to

be the start of a strong recovery. Businesses continue to report falling new orders as demand is fading and inventories have increased. For the winter months we, therefore, continue to expect weaker production as the catch-up effect for production is unlikely to last much longer.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.